

HOUSE BILL No. 1052

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-5-23.

Synopsis: Security freezes on credit reports. Provides that a consumer may prevent access to the consumer's credit report by requesting that the consumer rating agency place a security freeze on the credit report. Imposes other requirements and restrictions. Makes a violation of the requirements and restrictions concerning security freezes a Class A infraction.

Effective: July 1, 2006.

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January 4, 2006, read first time and referred to Committee on Financial Institutions.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE BILL No. 1052

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-5-23 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2006]:

4 **Chapter 23. Security Freezes for Credit Reports**

5 **Sec. 1. As used in this chapter, "consumer" means a person**
6 **whose credit information and history is recorded in a credit report.**

7 **Sec. 2. As used in this chapter, "credit rating agency" means an**
8 **entity that:**

9 (1) for a fee; or

10 (2) on a cooperative nonprofit basis;

11 **assembles or evaluates information concerning the credit standing,**
12 **credit worthiness, and credit capacity of a consumer for the**
13 **purpose of furnishing a credit report to a third party.**

14 **Sec. 3. As used in this chapter, "credit report" means any**
15 **written or oral report, recommendation, or representation by a**
16 **credit rating agency as to the credit:**

17 (1) standing;

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1 (2) worthiness; or
 2 (3) capacity;
 3 of a consumer and includes any information that is used, expected
 4 to be used, or collected for the purpose of serving as a factor in
 5 establishing the consumer's eligibility for credit to be used for
 6 personal, family, or household purposes.

7 Sec. 4. As used in this chapter, "security freeze" means a notice
 8 placed on a consumer's credit report:

9 (1) by a credit rating agency; and
 10 (2) at the request of the consumer;
 11 that prohibits the credit rating agency from releasing the
 12 consumer's credit report or any information from the credit report
 13 without the authorization of the consumer as provided under this
 14 chapter.

15 Sec. 5. A security freeze on a consumer's credit report does not
 16 prohibit a credit rating agency from providing the credit report to
 17 the following persons or entities without the authorization of the
 18 consumer:

- 19 (1) A court or a collection agency acting under a court order,
 20 warrant, or subpoena.
- 21 (2) The consumer.

22 Sec. 6. (a) A consumer may place a security freeze on the
 23 consumer's credit report by sending a written request by certified
 24 mail to a credit rating agency to place a security freeze on the
 25 consumer's credit report.

26 (b) A credit rating agency that receives a request under
 27 subsection (a) shall place a security freeze on the consumer's credit
 28 report not later than five (5) business days after receipt of the
 29 request.

30 Sec. 7. A credit rating agency that receives a request for a
 31 security freeze shall issue to the consumer requesting the security
 32 freeze:

- 33 (1) a unique personal identification number or password; and
 - 34 (2) written information explaining how to:
 - 35 (A) remove a security freeze; and
 - 36 (B) allow access to a credit report by a third party;
- 37 not later than ten (10) business days after receipt of the request.

38 Sec. 8. (a) Except as provided in section 5 of this chapter, if a
 39 security freeze has been placed on a consumer's credit report, the
 40 credit rating agency that placed the security freeze on the credit
 41 report shall not release the credit report unless the credit rating
 42 agency receives authorization from the consumer.

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(b) For purposes of subsection (a), a consumer gives authorization to release the consumer's credit report if the consumer requests the release and provides to the credit rating agency:

- (1) information identifying the consumer as required by the credit rating agency;
- (2) the consumer's unique personal identification number or password described under section 7(1) of this chapter; and
- (3) information identifying the third party who has been authorized by the consumer to receive the credit report.

(c) A credit rating agency may develop procedures to receive authorization from a consumer under subsection (b) by any of the following:

- (1) Certified mail.
- (2) Telephone.
- (3) Facsimile.
- (4) Internet.
- (5) Other electronic media.

Sec. 9. A credit rating agency must remove a security freeze not later than three (3) business days after the credit rating agency receives authorization from a consumer under section 8 of this chapter.

Sec. 10. (a) A third party that requests a consumer's credit report in connection with an application by the consumer for credit shall treat the application for credit as incomplete if:

- (1) a security freeze has been placed on the credit report;
- (2) the consumer has not authorized the third party to have access to the consumer's credit report; and
- (3) the credit rating agency refuses to release the credit report to the third party based on subdivisions (1) and (2).

(b) A credit rating agency that refuses under subsection (a)(3) to release a credit report shall notify the third party requesting the credit report of the existence of a security freeze as the basis for the refusal to release the credit report to the third party.

Sec. 11. (a) A security freeze remains in effect until the consumer who requested the security freeze requests that the security freeze be removed by providing to the credit rating agency:

- (1) information identifying the consumer as required by the credit rating agency; and
- (2) the consumer's unique personal identification number or password described in section 7(1) of this chapter.

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1 (b) A credit rating agency must remove a security freeze not
2 later than three (3) business days after the credit rating agency
3 receives a request under subsection (a).

4 Sec. 12. A credit rating agency may not impose a charge for:

5 (1) placing or removing a security freeze on a credit report
6 under this chapter; or

7 (2) allowing access to a credit report under section 9 of this
8 chapter.

9 Sec. 13. A person who violates this chapter commits a Class A
10 infraction. Each violation of this chapter constitutes a separate
11 offense.

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